



## COUNTY OF LOUDOUN, VIRGINIA BOARD OF SUPERVISORS FISCAL POLICY

Originally adopted December 17, 1984.  
Revised through February 21, 2006

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### STATEMENT OF POLICY PURPOSE

The County of Loudoun (the “County”) and its governing body, the Board of Supervisors (the “Board”), is responsible to the County's citizens to carefully account for all public funds, to manage County finances wisely and to plan for the adequate funding of services desired by the public, including the provision and maintenance of facilities. These policies of the Board are designed to establish guidelines for the fiscal stability of the County and to provide guidelines for the County's chief executive officer, the County Administrator.

These policies will be reviewed and updated periodically and will be presented to the Board for approval of any significant changes.

### POLICY GOALS

This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practices of the County. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

- Contributes significantly to the County's ability to insulate itself from fiscal crisis,
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible,
- Promotes long term financial stability by establishing clear and consistent guidelines,
- Directs attention to the total financial picture of the County rather than single issue areas,
- Promotes the view of linking long term financial planning with day to day operations, and
- Provides the Board and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following fiscal policy goal statements are presented.

#### 1. Operating Budget Policies

The County, to maximize planning efforts, intends to prepare the operating budget biennially, when practical.

The budget is a plan for raising and allocating resources. The objective is to enable service delivery with allocated resources. Services must be delivered to the citizens at a level which will meet real needs as efficiently and effectively as possible.

The County's goal is to pay for all recurring expenditures with recurring revenues and to use nonrecurring revenues for nonrecurring expenditures.

It is important that a positive undesignated fund balance and a positive cash balance be shown in all governmental funds at the end of each fiscal year.

When deficits appear to be forthcoming within a fiscal year, spending during the fiscal year must be reduced sufficiently to create a positive undesignated fund balance and a positive cash balance.

Where possible, the County will integrate performance measurements and productivity indicators within the budget. This should be done in an effort to continue to improve the productivity of County programs and employees. Productivity analysis should become a dynamic part of County Administration.

The budget must be structured so that the Board and the general public can readily establish the relationship between revenues, expenditures and the achievement of service objectives.

The individual agency budget submissions must be prepared with the basic assumption that the Board will always attempt to not substantially increase the local tax burden.

The County will avoid tax anticipation borrowing and maintain adequate fiscal reserves.

The County will annually seek the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award.

Budgetary review by the Board will focus on the following basic concepts:

### **Staff Economy**

The size and distribution of staff will be a prime concern. The Board will seek to limit staff increases to areas where approved growth and support absolutely requires additional staff; and to reduce staff where this can be done without adversely affecting approved service levels.

### **Capital Construction**

Emphasis will be placed upon continued reliance on a viable level of "pay-as-you-go" capital construction to fulfill needs in a Board-approved comprehensive Capital Improvements Program. The Board will attempt to fund not less than 10% of the current portion of construction cost of the Capital Improvements Program (in excess of proffers) from current financial resources.

### **Program Expansions**

Proposed program expansions above existing service levels must be submitted as budgetary enhancements requiring detailed justification. Every proposed program expansion will be scrutinized on the basis of its relationship to the health, safety and welfare of the community to include analysis of long term fiscal impacts.

### **New Programs**

Proposed new programs must also be submitted as budgetary enhancements requiring detailed justification. New programs will be evaluated on the same basis as program expansion to include analysis of long term fiscal impacts.

### **Existing Service Costs**

The justification for base budget program costs will be a major factor during budget review.

### **Administrative Costs**

In all program areas, administrative overhead costs should be kept to the absolute minimum.

- Functions should be reviewed in an effort toward reducing duplicative activities within the County government and the autonomous and semiautonomous agencies, which receive appropriations from the governmental funds.
- The budget will provide for adequate maintenance of capital plant and equipment and for its orderly replacement.
- The County will maintain budgetary controls at the character level within each organizational unit. Characters are broad classification of expenditures (i.e., personal services, operation and maintenance, capital outlay, etc.).
- The County Administrator will require the preparation of monthly budget status reports, interim financial statements, and annual financial reports.
- The County will remain current in payments to its employee and volunteer retirement systems.
- The County will develop and annually update a long range (3-5 year) financial forecasting system which will include projections of revenues, expenditures and future costs and financing of capital improvements and other projects that are included in the capital budget and the operating budget.
- The County will develop, and annually update, a financial trend monitoring system which will examine fiscal trends from the preceding 5 years (trends such as revenues and expenditures per capita and adjusted for inflation, liquidity, operating deficits, etc.) Where possible, trend indicators will be developed and tracked for specific elements of the County's fiscal policy.
- The County will develop, and on a regular schedule update, a series of financial and planning tools to evaluate long term land use, fiscal and demographic issues. Those tools include: the County's Fiscal Impact Model (FIM), the Board-adopted Service Plans and levels, the 20-year growth projections, and the 10-Year Capital Needs Assessment (CNA) document. The review and update cycle of these tools is as follows:

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<u>Tool</u>	<u>Review Process</u>	<u>Update Cycle</u>
Fiscal Impact Model (FIM)	Technical Review Committee for the Fiscal Impact Model	Annual Update of Inputs
Service Plans and Levels	Review by Board Committee and Adoption By Board	Every Four Years (Second Year of Board Term)
20-Year Growth Projections	Technical Review Committee for the Fiscal Impact Model	Annual/Biannual Update of Inputs
10-Year Capital Needs Assessment (CNA)	Planning Commission Review and Board Adoption	Biennial Adoption

### 2. **Debt Policies**

The County will not fund current operations from the proceeds of borrowed funds; however, capital leases may be utilized for specialized vehicular equipment (e.g., school buses, landfill equipment) and information technology equipment and software systems in excess of \$200,000 and for all other projects or equipment in excess of \$500,000.

The County will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current financial resources.

The County will attempt to fund not less than 10% of the current portion of construction cost of the Capital Improvement Program (in excess of proffers) from current financial resources. The amount provided in current resources may be applied equally to all projects or only to specific projects.

The County may, when the Capital Needs Assessment indicates a trend of continually increasing capital requirements, decrease the maximum maturity of debt issues for construction from the normal 20 years to 15 years with the provisions that adjustments to the maturity schedule may be made if it is cost effective to shorten or lengthen the average life of the debt issue.

The County will analyze market conditions prior to debt issuance to determine the most advantageous average life. The debt structure will be lengthened during low interest rates and shortened during high rates.

The County, to minimize debt issuance costs, may, at its discretion, on a project by project basis, subject to a public hearing of the Board on the proposed financing where applicable, use alternative financing mechanisms for general obligation (GO) bonds requiring a referendum, including the Virginia Public School Authority (VPSA), the Virginia Resources Authority (VRA), revenue bonds (for revenue supported activities), lease revenue bonds, appropriation-based financing or other financing mechanisms that may be created. The policy is to use these financing mechanisms for total project costs as follows:

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<u>Total Cost of Project</u>	<u>General Government</u>	<u>School System</u>
\$200,000 up to the cost of a new elementary school for specialized vehicular equipment (e.g., school buses) and information technology equipment and software systems (2)	Lease-Purchase Financing (lease purchase agreements, lease revenue bonds, certificates of participation, etc.) either negotiated by County or sold by County to market	Lease-Purchase Financing (lease purchase agreements, lease bonds, certificates of participation, etc.) either negotiated by County or sold by County to market
\$500,000 up to the cost of a new elementary school for additions, renovations, etc. (1)(2)	GO Bonds sold by County to VRA (water, sewer, solid waste only) (3)  Revenue Bonds sold by County to VRA (water, sewer, solid waste only)  Revenue Bonds sold by County to market (water, sewer, solid waste, etc.)	GO bonds sold by County to VPSA (schools only), subject to a public hearing of the Board on the proposed financing
\$500,000 up to the cost of a new elementary school for new facilities (1)(2)	GO Bonds sold by County to VRA (water, sewer, solid waste only) (3)  Revenue Bonds sold by County to VRA (water, sewer, solid waste only)  Revenue Bonds sold by County to market (water, sewer, solid waste, etc.)  Lease-Purchase Financing (Lease revenue bonds, certificates of participation, etc.) sold by County to market, subject to a public hearing of the Board on the proposed financing	GO Bonds sold by County to VPSA (schools only), subject to a public hearing of the Board on the proposed financing  Lease-Purchase Financing (lease revenue bonds, certificates of participation, etc.) sold by County to market, subject to a public hearing of the Board on the proposed financing
Over the cost of a new elementary school for additions, renovations, etc. or new facilities (2)	Referendum for GO Bonds sold by County to market  Revenue Bonds sold by County to market (water, sewer, solid waste, etc.)  Lease-Purchase Financing (lease revenue bonds, certificates of participation, etc.) sold by County to market, subject to a public hearing of the Board on the proposed financing	Referendum for GO Bonds sold by County to market  Lease-Purchase Financing (lease revenue bonds, certificates of participation, etc.) sold by County to market, subject to a public hearing of the Board on the proposed financing

- NOTES:**
- (1) In some instances, a referendum for general obligation bond financing may be the only alternative at these levels
  - (2) The cost of a new elementary school is estimated in each year of the adopted Capital Improvements Program.
  - (3) In these instances a referendum is also required

The County will, when financing capital improvements, or other projects or equipment by issuing bonds or entering into capital leases, repay the debt within a period not to exceed the expected useful life of the project or equipment. Debt related to equipment ancillary to a construction project may be amortized over a period less than that of the primary project.

The County may assist volunteer fire and rescue companies, towns, authorities and other public or quasi public entities which serve citizens of the County with loans to assist the organization in funding their capital asset and/or equipment requirements. The loans will bear interest at the AA/Aa tax exempt rate at the time of the loan approval. Such loans will be made from and remain an asset of the General Fund.

The County will annually calculate target debt ratios and include those ratios in the review of financial trends.

The County's debt capacity shall be maintained within the following primary goals:

- Annual debt issuance limit of \$200 million.
- Net debt per capita should remain under \$2,500.
- Net debt as a percentage of estimated market value of taxable property should not exceed 3.0%.
- Net debt per capita as a percentage of income per capita should not exceed 7.5%.
- Debt service expenditures as a percentage of governmental fund expenditures should not exceed 10%.
- The affordability index, consisting of a weighted average of the first three ratios (20%, 45% and 35%, respectively), shall be updated annually.

The County recognizes the importance of underlying and overlapping debt in analyzing financial condition. The County will regularly analyze total indebtedness including underlying and overlapping debt.

The County will maintain good communications about its financial condition with bond and credit rating institutions.

The County will follow a policy of full disclosure in every annual financial report and financing official statement/offering document.

### 3. **Revenue Policies**

The County will try to maintain a diversified and stable revenue structure to shelter it from short-run fluctuations in any one revenue source.

The County will attempt to maintain a diversified and stable economic base by supporting policies promoting tourism, agriculture, commercial, and industrial employment.

The County will estimate its annual revenues by an objective, analytical process.

The County will develop, and annually update, an Indirect Cost Allocation Plan to document overhead costs for all County agencies to aid in the recovery of indirect costs incurred by the County to support and administer Federal and State grant programs and to provide indirect costs information for a County-wide user fee study.

The County, where possible, will institute user fees and charges for specialized programs and services in the County. Rates will be established to recover operational as well as overhead or indirect costs and capital or debt service costs.

The County will regularly review user fee charges and related expenditures to determine if pre-established recovery goals are being met.

The County will follow an aggressive policy of collecting tax revenues. The annual level of uncollected current property taxes should not exceed 3% unless caused by conditions beyond the control of the County.

The County should routinely identify intergovernmental aid funding possibilities. However, before applying for or accepting intergovernmental aid, the County will assess the merits of a particular program as if it were funded with local tax dollars. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary increment. Therefore:

- All grant applications, prior to submission, must be approved by the County Administrator upon recommendation by the Budget Officer.
- Grants may be accepted only by the Board.
- No grant will be accepted that will incur management and reporting costs greater than the grant amount.

The County will accrue and designate all land use valuation rollback taxes levied on or after July 1, 1997 resulting from a granted rezoning in the Capital Project Fund. These funds are to be dedicated to be used for projects within the impacted subarea of development unless the Board, after considering current fiscal conditions, approves an alternative designation of the funds.

The County will use available fund balances at year end to raise the fiscal reserves (designations for cash liquidity purposes) to the level of 10% of net governmental revenues. Amounts remaining shall be used for the following purposes (listed in priority order):

- Increase other reserves as deemed necessary
- Transfer to the Capital Projects Fund to reduce future debt issuance amounts
- Use for the acquisition of advanced technology for the School System
- Leave in the unrestricted General Fund balance

#### 4. **Accounts Receivable Policies**

The County will use proper internal controls to protect its accounts receivable reflecting amounts owed the County from people, firms and other governmental entities.

The County will record receivables in a timely manner and provide for appropriate collection methods.

All accounts unpaid after one year must be written off, if deemed uncollectible unless otherwise provided for under law or by written agreement.

### 5. **Investment Policies**

The County will maintain an investment policy based on the GFOA Model Investment Policy and the Investment Policy of the Treasurer, adopted by the County's Finance Board on March 6, 1990 and last amended on September 6, 2000, shall become a part of this policy.

The County will conduct an analysis of cash flow needs on an annual basis. Disbursements, collections, and deposits of all funds will be scheduled to insure maximum cash availability and investment potential.

The County will, where permitted by law, pool cash from its various funds for investment purposes.

The County will invest County revenue to maximize the rate of return while maintaining a low level of risk.

The County will regularly review contractual consolidated banking services.

### 6. **Accounting, Auditing, and Financial Reporting Policies**

The County will establish and maintain a high standard of accounting practices in conformance with uniform financial reporting in Virginia and Generally Accepted Accounting Principals (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB).

The County's financial accounting system will maintain records on a basis consistent with accepted standards for local government accounting (according to GASB).

The County's regular monthly financial statements and annual financial reports will present a summary of financial activity by governmental funds and all funds respectively.

The County's reporting system will also provide monthly information on the total cost of specific services by type of expenditure and revenue, and if necessary, by fund.

The County will retain the right to perform financial, compliance and performance audits on any entity receiving funds or grants from the County.

The County will engage an independent firm of certified public accountants to perform an annual financial and compliance audit according to Generally Accepted Auditing Standards (GAAS) and will have these accountants publicly issue an opinion which will be incorporated in the Comprehensive Annual Financial Report.

The Board's Finance Committee will serve as the Board's Audit Committee and is responsible for approving the selection of the independent firm of certified public accountants (the Board's external auditor) to perform an annual financial and compliance audit, defining the audit scope and receiving the report of the auditor.

The County will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting.



### 7. **Capital Budget Policies**

The County will make all capital improvements in accordance with an adopted Capital Improvements Program.

The County will develop a multi-year plan for capital improvements, which considers the County's development policies and links development proffers resulting from conditional zonings with the capital plan.

The County will enact a biennial capital budget based on the multi-year Capital Improvements Program.

The County will coordinate development of the capital budget with development of the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budget forecasts.

The County will identify the "full-life" estimated cost and potential funding source for each capital project proposal before it is submitted to the Board for approval.

The County will determine the total cost for each potential financing method for capital project proposals.

The County will identify the cash flow needs for all new projects and determine which financing method best meets the cash flow needs of the project.

Capital projects should first be approved in the Capital Needs Assessment prior to proposal in the Capital Improvements Plan.

The County will make use of non-debt capital financing sources through the use of alternate sources, including proffers and Pay-As-You-Go financing. The County will attempt to finance not less than 10% of the current portion of construction costs of the Capital Improvements Program (in excess of proffers) through the use of such non-debt sources. The amount to be funded from local tax funding will be equal to the proportionate amount of the personal property tax collection derived by fifty cents of the total tax rate.

### 8. **Asset Maintenance, Replacement, and Enhancement Policies**

The County will maintain a three-tier system for the County-wide maintenance, enhancement, and creation of the County and School physical plant. This system will protect the County's capital investment and minimize future maintenance and replacement costs.

The operating budget will provide for minor and preventive maintenance.

The capital asset replacement budget will provide for the structural, site, major mechanical/electrical rehabilitation or replacement to the County and School physical plant which requires a total expenditure of \$10,000 or more and has a useful life of ten years or more.

The appropriations to the fund will be targeted to the annual depreciation of the total County and School physical plant (buildings and improvements, exclusive of land and mobile equipment).

The capital projects budget will provide for the acquisition, construction, or total replacement of physical facilities to include additions to existing facilities which increase the square footage or asset value of that facility.

The County will capitalize all fixed assets with a value greater than \$5,000 and an expected life of 3 years or more.

9. **Risk Management Policies**

The County will protect its assets by maintaining adequate insurance coverage through either commercial insurance or risk pooling arrangements with other governmental entities.

The County will reserve an amount adequate to insulate itself from predictable losses when risk cannot be diverted through conventional methods.

The County will transfer any annual premium savings to the Self Insurance Fund when an analysis of cost and benefit indicates long-term cost savings are achievable by retaining increments of risk until the total annual exposure is reserved.

10. **Reserve Policies**

The County will maintain a fund balance designation for fiscal cash liquidity purposes (i.e., fiscal reserve) that will provide sufficient cash flow to minimize the potential of short term tax anticipation borrowing.

Undesignated fund balances, plus the designation for fiscal cash liquidity purposes, at the close of each fiscal year, should be equal to no less than 10% of governmental fund net operating revenues.

The County will maintain appropriated contingencies to provide for unanticipated expenditures. The three contingencies and their recommended minimum funding levels are:

- Personnel Contingency (\$100,000). These funds are to be used for unanticipated or unplanned staffing needs on a temporary or permanent basis.
- Litigation Contingency (\$75,000). These funds are to be used for litigation purposes at the recommendation of the County Attorney.
- General Contingency (\$250,000). These funds are to be used for emergency, unexpected or unanticipated situations that may require expenditures by the County or to address unanticipated revenue shortfalls.

The County will maintain sufficient self-insurance reserves as established by professional judgement based on the funding techniques utilized, loss records and required retentions.

11. **Criteria for Establishment of Special Assessment Districts**

A “special assessment” or “special assessment district” refers to any of the various mechanisms in the Code of Virginia that allows the County to impose a special ad valorem tax or special assessment for local improvements on property within a defined area, for the purpose of financing public improvements or services within the district. Examples include, without limitation, Service Districts, Community Development Authorities, and Transportation Improvement Districts.

The following criteria are set forth as the minimum requirements that must be satisfied for the Board to lend its support to the creation of a special assessment district. As such, proposed districts that cannot meet these minimum requirements will have their requests for support rejected by the Board on the basis that it endangers the County’s own credit worthiness in the financial markets. The Board takes this opportunity to emphasize that other considerations also may apply. In effect, these criteria are set forth only as the minimum standards for the establishment of a district. However, the ability to meet the criteria described below will carry considerable weight with the Board.

Loudoun County (the “County”) has determined that under certain circumstances, the creation of a Special Assessment District (a “District”) can further the economic development/quality growth management/redevelopment goals of the County. Of equal importance is that the County’s financial assets not be at risk. These guidelines are designed to insure that the County goals are met.

**Limited to Projects which Advance County’s Plans.** The proposed project or purpose for establishing a District must advance the County’s adopted comprehensive plan or provide greater benefit to the ultimate property owners utilizing the proposed facilities.

Public Improvements to be financed by the Project or District must be related to and guided by standards and policies approved by the Board of Supervisors as identified in the Capital Improvements Program, Capital Needs Assessment Document, or the County’s Adopted Capital Facility Standards.

The County would not expect to utilize special assessment debt to finance typical project infrastructure costs, (e.g., utilities, normally proffered improvements, or subdivision/site plan requirements) absent a compelling (a) commercial or economic development interest, (b) benefit to the broader community, or (c) public health or safety concern.

**Description of Project and District Petition.** The petitioners shall submit for County staff review, prior to petitioning the County Board of Supervisors for action, a plan of the proposed District. This submission must include as a minimum:

- The special assessment district’s proposed petition to the County Board of Supervisors;
- A map of district boundaries and properties served;
- A general development plan of the district;
- Proposed district infrastructure including probable cost;
- A preliminary feasibility analysis showing project phasing, if applicable, and projected land absorption with the district;
- A schedule of proposed special assessment district financings and their purpose;
- A discussion of the special assessment district’s proposed financing structure and how debt service is paid;
- The methodology for determining special assessments within the district;
- Background information on the developers and/or property owners in the current proposal or previous involvement with other districts in Virginia and elsewhere; and,
- Level of equity to be provided and when such equity would be incorporated into the proposed Plan of Finance.

The petitioner shall respond to and incorporate changes to the proposed petition requested by staff. Failure to incorporate changes will result in a staff recommendation against the creation of the special assessment district.

The petition must address:

- Protections for the benefit of the County with respect to repayment of debt, incorporation, and annexation;
- Protections for the benefit of individual lot owners within the District’s boundaries with respect to foreclosure and other collection actions should their respective assessment be paid or is current; and
- Payment of the County’s costs related to the administration of the District, specifically including the County’s costs to levy and collect any special tax or assessment.

**Consistency with County Planning Documents.** The petitioner must demonstrate how the project or purpose for establishing the District is/ or could be consistent with the Comprehensive Plan, Zoning Ordinance, and if applicable, the Capital Improvement Program, the Capital Needs Assessment and the Adopted Capital Facility Standards, or other facility planning documents approved by the Board of Supervisors.

**Impact on County Credit Rating.** The District, either individually or when considered in aggregate with previously approved Districts, shall not have a negative impact upon the County's debt capacity or credit rating. The majority of this debt will be considered and treated as overlapping debt. In order to protect the County's long term fiscal stability and credit standing, the total aggregate outstanding overlapping debt should not exceed 1.0% of the total assessed value of taxable property within the County, during any year of the County's Six-Year Capital Improvements Program. Exemptions to this policy may be made if the projects to be financed directly replace capital projects in the current Capital Improvement Program, or the Capital Needs Assessment Document. Maturities of special district debt shall approximate the average of the County's other special assessment debt.

It is the intent of the County that this debt be self-supporting. Debt is deemed self-supporting when sufficient revenue is generated for at least three consecutive years to pay all of the required debt payments.

**Due Diligence.** A due diligence investigation performed by the County or its agents must confirm petition information regarding the developers, property owners, and/or underwriting team, and the adequacy of the developer's or property owner's financial resources to sustain the project's proposed financing.

**Project Review and Analysis.** A financial and land use assessment performed by the County or its agents must demonstrate that the District's proposed development, financial, and business plan is sound, and the proposed project or purpose for establishing a District is economically feasible and has a high likelihood of success. The analysis must confirm why establishing a District is superior to other financing mechanisms from a public interest perspective.

**Petitioner to Pay County Costs.** The County may require that the Petitioner agree to cover the County's costs for all legal, financial and engineering review and analysis and to provide a suitable guaranty for the payment of these costs. The County's estimated costs shall be itemized to show anticipated engineering, legal, and financial, consultant and other fees.

**Credit Requirements.** The debt obligations are issued by the District to finance or refinance infrastructure of the project:

- The Board will retain practical and legal control of any debt issued by the district.
- The Board will approve a district debt issuance only after it has been determined the issue can reasonably be expected to receive an investment grade rating from a nationally recognized statistical rating agency (i.e., Fitch, Moody's, Standard and Poor's) including investment grade ratings derived from a credit enhancement (i.e., letter of credit, bond insurance, etc.) or demonstrate some other form of financial safeguard to the bond purchasers. Or
- The Board will approve a district debt issuance only after it has been determined that the district has acquired a credit enhancement device sufficient to guarantee payment of lease payments or debt service in the event of default until such time as the district's outstanding debt as compared to its estimated taxable assessed value is estimated not to exceed 10%. Or
- The District limits its issuance of obligation to minimum \$100,000 denominations, thereby attracting only bondholders recognizing the inherent risk.
- The District's outstanding debt obligations as compared to the appraised value of property or adjusted appraised value if partial development has occurred within District boundaries as if the infrastructure being financed was in-place will be an important consideration in the ultimate review of the Project. As such, careful detailing of the level of debt as a percentage of the current and future appraisal value will be an important criteria.

**Requirement for Approved Financing Plan.** The ordinance creating the District shall include a provision requiring the District to submit a financing plan to the County for approval prior to the issuance of any District obligations. Such financing plan shall include details specific to the financing proposed to be undertaken, including,

but not limited to more complete and detailed information of those applicable items required under the section entitled Description of Project and District Petition above.

**No Liability to County.** *The County shall not pledge either its full faith and credit or any moral obligation toward the repayment of principal and interest on any debt issued by the district.* The project must pose no direct or indirect liability to the County, and the developer and/or District must reasonably provide for the type protection of the County from actions or inactions of the District as specified in the letter of intent at time of petition. All documents relating to the project shall reflect the fact that the County has no financial liability for present or future improvements connected with the project whether or not contemplated by the ordinance creating the District or as that ordinance may be amended. The ordinance will contain a provision that acknowledges that the County has no moral or legal obligation to support the debt of the district, but that the County retains the authority and ability to protect the County's credit.

**Conditions and Covenants.** Any ordinance creating a special district may include appropriate conditions related to the size and timing of District debt. In addition, the County may require covenants to be attached to the property that incorporate the salient commitments related to the proposed District improvements, the public benefits and the special assessments.

**Annual Review.** These guidelines shall be reviewed at least annually.

